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FAR EAST/PACIFIC BRANCH

INTELLIGENCE HIGHLIGHTS NO. 40  
16 February - 23 February 1949

SECTION I. SUMMARY OF FAR EAST TRENDS AND DEVELOPMENTS

India, Australia and the Philippines continue to be concerned over US withdrawal-from-Japan story despite official denials (p. 3). SCAP seeking Western Hemisphere trade to balance Communist gains in Asia (p. 3).

Development of Soviet military bases in northern Korea has probably begun (p. 3). A UN Military Observer Group in Korea would not deter Communist attempts to overthrow the Republic of Korea (p. 4). Low production levels and currency inflation continue as trends in Korean economy (p. 4).

This week the victorious Chinese Red armies continued to sit calmly on the north bank of the Yangtze River while MAO Tse-tung and the Central Committee waited to see what LI Tsung-jen could deliver (p. 5). In Nationalist China Acting President LI, in addition to his peace efforts, is attempting to undermine the Generalissimo's influence by countering political maneuvers (p. 5). Recent Communist broadcasts indicate that the Red High Command regards with disfavor the recent Lanchou conference on consolidation of Nationalist strength in the Northwest and views current Nationalist-Soviet negotiations as a threat to Communist expansion in the Northwest (p. 6). Meanwhile TANG En-po, Nationalist Commander in Shanghai, is attempting to extract a GY \$300,000,000 "protection assesment" from Shanghai businessmen (p. 6).

Siam's declaration of a state of national emergency in the face of Southeast Asia unrest is believed to be an effort to divert attention from domestic political disunity (p. 8).

The issue of Cochinchina's status in a unified Vietnam has apparently become such a delicate political problem that the French Government has decided to abandon its proposal to present a treaty with former emperor Bao Dai to the French National Assembly for ratification prior to his return to Indochina (p. 8).

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The marginal notations used in succeeding sections of this Weekly "A", "B" or "C") indicate the importance of the items in B/FE opinion with "A" representing the most important.

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Indonesian Republican officials refuse to consider a new Dutch plan which would establish an interim government immediately until they are returned to their capital at Jogjakarta and unless the UN Commission for Indonesia attends all discussions (p. 9).

The Philippine Senate vote to oust Senate President Avelino appears to have caused an open split between Quirino and Avelino factions within the dominant Liberal Party (p. 10). Further extension of US-Philippine free trade is being sought by Philippine sugar planters (p. 10).

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## JAPAN

US withdrawal from Japan story continues to cause concern. Various Far Eastern nations continue perturbed over the story, despite official denials, that the US is planning withdrawal of troops from Japan. India feels the rumor confirms suspicions of US lack of good faith in its declarations of desire to support independent nations against Soviet aggression.

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The Philippines, which has taken US protection for granted, continues perturbed over any possible change in US Pacific defense plans that may affect its security. Australia, certain that the US would shield it in the event of future hostilities, has suddenly felt very isolated. Newspaper comment states that the "Tokyo story" cannot be "dismissed as mere fantasy despite the denials." The frequently critical attitude of Australia towards the US in international affairs and domestically may be altered under the circumstances to one of greater cooperation.

Japan seeks Latin American trade. Japan's bilateral trade negotiations with areas outside of Northeast Asia continue on an accelerated basis probably in an endeavor to decrease Japan's reliance upon its "natural" markets in that now Communist-dominated area. As part of this endeavor, SCAP has requested the US State Department to explore the possibilities of Japanese trade with Central and South American countries.

"C"

Japan can offer all types of textiles, capital goods equipment, heavy and light machinery, metal products, glass and porcelain ware, rubber goods, canned foods, enamelware and trucks in exchange for needed rice, sisal, henequen, cotton, manganese, lead, flax and other oil seeds.

## KOREA

Soviet personnel, army, navy and civilian, are being observed in key cities in northern Korea. It was anticipated at the time of Soviet withdrawal of tactical units that USSR military advisers would be left behind. (See B/FE Weekly 24 Dec. 48 - 4 Jan. 49) To date Soviets have been observed in Chinnampo, Haefu, Hungnam, Chongjin and Wonsan. Appearance of USSR naval personnel in Chongjin and Wonsan is particularly significant and may indicate that the Soviet-Democratic Peoples' Republic naval cooperation treaty already is being carried out. Under the terms of this agreement, the ports of Chongjin, Wonsan and Yonghung Bay are to be made available to the Soviet fleet as bases. Work was to begin in March 1949 with Korean labor working under Soviet direction. (See B/FE Weekly 5-11 Jan. 49).

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KOREA (Cont.)

Military observers suggested for Korea. The presence of UN military observers along the 38th parallel probably would not deter the aggressive intentions of the Democratic Peoples' Republic. They might introduce a stabilizing element and possibly act as a slight deterrent to all-out civil war, however, if US troops were withdrawn from southern Korea. The presence of UN military observers in southern Korea would also assist in mitigating the adverse psychological reaction to a US troop withdrawal in southern Korea.

The principal secretary of the United Nations Commission on Korea (UNCOK) has requested US views on the desirability and practicability of sending foreign military observers to Korea. He had not presented the idea to other members of UNCOK when he approached the US representative, but probably a majority of the members would favor the idea after becoming acquainted with the situation along the border and with the impossibility of reaching a solution for the unification of Korea.

Economic developments. The Korean economy suffered further decreases of industrial production and increasing currency inflation during January.

Electric power output decreased to the lowest point since June 1948, resulting in further decrease in the meager production of manufactured goods. Increase in coal production during January may allow greater power output during February and a consequent slight improvement in the production of critical industrial goods.

Currency inflation continued to increase as the government overdraft with the Bank of Chosen enlarged from 39.8 billion to 42.5 billion won during the month. President Rhee, with slight knowledge of finance, believes that the Bank of Chosen is at fault in continuing to issue currency, and that a simple cure for inflation is to hold circulation at its present level. However, it will be impossible to stop the increase of currency circulation until Rhee's government can achieve a balanced budget. The rice collection program and the many urgent projects of the new government require expenditures far exceeding revenues deposited by the Government in the Bank. Although the American Mission in Korea (AMIK) is assisting officials of the Korean government in planning methods to increase revenue, to collect accounts receivable owed to the Government from sales under the Civilian Supply program, and to establish a reasonable government budget, the currency circulation probably will continue to increase and reach 55 billion won before the seasonal decline in the spring.

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CHINA

Communists mark time, wait to see what LI can deliver. The lull in the Chinese Communist military offensive, which has halted at the north bank of the Yangtze for the past few weeks, is by no means the result of military incapacity. While the delay may be in part due to a need for rest, regrouping, and resupplying, the reasons are primarily political. The Communists are absorbing China by a methodical process of acquisition, consolidation, and extension; they have nothing to lose, and much to gain, by avoiding the responsibility for administering new areas until they are thoroughly prepared to discharge it. In the past, when the Communists were confined to a relatively small area, administration was not difficult; but territorial gains of the past several months have greatly complicated their problems, and the administration of all China, if it were forced upon them at once, would be too much for their own personnel to handle. It is probably for this reason that the Communists have insisted upon regional capitulation rather than a "national" settlement, and have made every effort to induce the administrative personnel of the major cities to remain on the job. The present delay gives the Communists time to absorb Tientsin and Peiping, and to profit from their experience in those cities. It permits a clarification of the situation in the enemy's camp: i.e., to determine what forces, if any, Acting President LI Tsung-jen can or will deliver to the Communists, and what forces will remain at large and hostile, and the best means for dealing with both groups. In addition, the various Nationalist factions will presumably continue to sabotage one another and weaken still further the over-all anti-Communist effort. Thus, while the occupation of those cities--notably Shanghai--with especially complex problems will be delayed for weeks and perhaps for months, there is no reason at all to believe that the Communists have altered their announced intention to push south of the Yangtze and proclaim a National Government of China within the present year.

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LI-CHIANG split destroying Nationalist unity. The split in Nationalist ranks between the followers of "retired" President CHIANG Kai-shek and Acting President LI Tsung-jen has assumed such proportions it threatens all semblance of unity in the National Government. The LI and CHIANG groups are split on issues of peace maneuvers, reforms, and the Acting President's refusal to follow the Cabinet to Canton. In addition, LI's efforts are now directed toward the reduction of CHIANG's influence throughout Nationalist China. LI has gained some political support in the Yangtze area and probably will be backed by the largest group in the Legislative Yuan, which has decided to convene in Nanking shortly. However, his attempts to compromise with the recalcitrant SUN Fo Cabinet or to facilitate possible organization of a satisfactory new one will be fraught with difficulty. SUN is

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under fire in legislative circles and may resign.

LI's efforts to win over prominent right-wing generals may not prove successful. CHANG Fa-kuei, popular Kwangtung leader who has in the past opposed CHIANG several times, thus far has not accepted his recent appointment as Commander-in-Chief of the Nationalist Army. Although CHANG would be acceptable to PAI Chung-hsi, he probably would not be able to keep the Whampoa generals in line. Recent changes in the Hupeh provincial administration have replaced CHIANG supporters with men loyal to LI and PAI Chung-hsi. In trying to combat CHIANG's control of Szechwan, LI is apparently supporting Governor LIU Wen-hui of Sikang, former warlord Governor of Szechwan, who has moved troops into the province as a countermove against the entry of HU Tsung-nan's Nationalist troops from Shensi, recently ordered by CHANG Chun, a loyal friend of the Generalissimo. LI is also considering a challenge to CHIANG's control of Taiwan, which the latter has been preparing as a refuge of last resort. In a transparent bid for US support, LI has informed US officials that he is contemplating the replacement of Governor CHEN Cheng with General SUN Li-jen, former Commander of the US-trained New First Army, with the idea of making that island a basis for constructive Sino-US cooperation. Despite such efforts by LI, there is only a very slight prospect that he will be successful in overcoming CHIANG's influence and in consolidating Nationalist China under his leadership.

Chinese Communist Reaction to formation of northwest bloc. The Chinese Communists regard with disfavor the recent Lanchou conference on consolidation of Nationalist strength in the Northwest, and see in the current Nationalist-Soviet negotiations in Sinkiang a threat to Communist expansion into Northwest China. Recent Chinese Communist broadcasts suggest that the Communists may be mapping a drive into territory now held by the forces of HU Tsung-nan and MA Pu-fang in south Shensi and east Kansu. A new Communist radio station, identifying itself as the "Northwest Radio" was intercepted on 7 February, broadcasting a program entitled "Calling Northwest Guerrilla Units." Three days later the Northwest Radio advised Nationalist forces in the Northwest to surrender, and announced the coming "annihilation of HU Tsung-nan, MA Hung-hwei and MA Pu-fang."

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According to late reports, elements of HU Tsung-nan's troops are being transferred to Szechwan, and Nationalist Northwest forces consider southern Kansu indefensible. The forces of Communist General PENG Teh-huai, now located northeast of Sian, therefore may be capable of advancing westward as far as Lanchou, but are not likely to move any farther for the time being.

Shanghai businessmen get shakedown from TANG En-po. Shanghai's business community has been asked to "contribute" to the local Garrison Commander, TANG En-po, as long as his troops remain to "protect"

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Shanghai. Mayor K. C. Wu told the industrial guilds on 17 February that GY \$300 million (US \$160,000) must be subscribed for January. This rather simple protection racket is, of course, based on the threat that without his "squeeze" TANG En-po cannot guarantee order among his troops. In the last few days Shanghai has witnessed parades of armored cars, and military police are scattered throughout the city; if such tactics do not intimidate the merchant guilds, TANG En-po will probably resort to some violence to make his extortion succeed. The foreign community, largely American and British, is very concerned, but past experience with emergency military "taxation" indicates that not much pressure will be brought on independent foreign firms, although guild members like the British tobacco firms may not be able to avoid the responsibilities of their guild membership. It is evident that TANG intends to profit from his stay in rich Shanghai, and that the monthly "protection assessments" will increase sharply as the Communists move closer.



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SIAM

National emergency declaration believed cover for domestic unrest. The Government last Thursday proclaimed Siam to be in a state of national emergency. The announced reasons for this step are (1) the crises in neighboring countries, (2) the unrest resulting from the irresponsible Siamese press, and (3) the report of a mutual assistance agreement between Ho Chi Minh and Mao Tse-tung. Although the decree very probably embodies the alarm with which many Siamese view chaotic conditions in China, Burma, Malaya and Indochina, the compelling factor behind it probably is Premier Phibul's fear that domestic political opposition forces are effectively organizing to stage a coup d'etat. "A"

Early this month Phibul extended placating overtures to supporters of ex-Premier Pridi, presumably in an effort to encourage their collaboration with him to achieve political unity. It appears likely that these negotiations failed. Thus, in the face of a possible threat to his regime, Phibul may have felt it expedient to increase the controls necessary for the maintenance of his power.

INDOCHINA

French alter plan for Bao Dai's return. The issue of Cochinchina's status in a unified Vietnam has apparently become such a delicate political problem that the French Government has decided to abandon its proposal to present a treaty with former Emperor Bao Dai to the French National Assembly for ratification prior to his return to Indochina. Cochinchina is still legally a French colony, and the defeat of legislation required in the treaty to permit unification with the protectorates of Tonkin and Annam as an integral part of a unified Vietnam might cause the collapse of the entire French plan for solving the Franco-Vietnamese problem. Therefore, a new formula for changing the status of Cochinchina and ratification by the French Assembly, based on Article 75 of the French Constitution, will be substituted. This approach which envisages the signing of a treaty but not its ratification, will require that Bao Dai return and establish his regime at an early date. Subsequently, a favorable vote will be required from the territorial assembly of Cochinchina and from the Assembly of the French Union, followed by submission to the French Parliament for approval and confirmation of the desire of Cochinchina for a change in its status. If Bao Dai should fail, however, to attract the necessary support for his new regime, France will not have relinquished its sovereignty over the rich southern Indochinese colony. "B"

The US Consul General in Saigon suggests that the postponement of the French Assembly's action will greatly increase Bao Dai's difficulties if he returns under the revised plan, since lack of confidence in the ability

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INDOCHINA (continued)

of the French to keep their promises will be intensified. The former emperor's success will depend upon cooperation from the non-Communist nationalists, which in turn depends upon French liberality in granting effective authority. Such authority cannot legally be transferred until the status of Cochinchina has been changed. Furthermore, from the Vietnamese point of view, ratification by the French Parliament at a later date will remain uncertain.

INDONESIA

Dutch and Republicans deadlocked on settlement of Indonesian problem. The most recent Dutch plan for Indonesia, known as the "Beel Plan," requires that the Republicans and the Federalists form an interim government immediately. Within two months this organ would work out an agreement with the Netherlands at The Hague on (1) a Netherlands-Indonesian Union, (2) economic and financial matters, and (3) defense. The new regime, presumably a United States of Indonesia, would not be granted full sovereignty until a year later. "A"

The Dutch Government has approved Beel's "constructive proposals" in principle, and Dutch officials regard his plan as a means of resolving the existing difficulties among all parties and of achieving peace and order for Indonesia. Application of this project, in the Dutch view, would accomplish the aims of the Security Council's 28 January resolution and would make strict compliance with the resolution unnecessary. The official Netherlands attitude implies that by acceptance of the "Beel Plan" the Republicans will best be able to fulfill their obligations to help restore peace, law and order in compliance with the SC resolution. According to the Dutch Government its duty to maintain law and order would be seriously threatened if Republican leaders were released and reconstituted as a governmental authority.

Announcement of the "Beel Plan" has not resulted in any change in the Republican position. Interned Republican leaders remain firm in their demands that they be returned to their capital as responsible officials and that the UN Commission for Indonesia be present at all discussions. However, the stated Republican intention to comply with the SC order may be confused by the demand of its "Emergency Government" in Sumatra that the 1947 Linggadjati Agreement be used as a basis for settlement rather than the SC resolution of 28 January 1949. The Linggadjati Agreement specified more liberal conditions from the Republican point of view.

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PHILIPPINES

Senators vote to oust Senate President Avelino. The Philippine Senate voted "B" on 21 February to unseat Senate President and Liberal Party boss Jose Avelino on charges of corruption. Six Senators who support President Quirino within the Liberal Party joined with six members of the opposition parties in the ouster move. Although there is some doubt as to the legality of the Senate action, which reportedly took place after adjournment, Liberal Party disunity appears to have developed into an open split between the rival Quirino and Avelino factions. The minority party opposition is undoubtedly pleased with this development which greatly improves the presidential chances of its ultra-nationalist candidate Jose P. Laurel.

Extension of US-Philippine free trade sought. A movement to seek extension "C" of the free trade sections of the US-Philippine Trade Agreement beyond 1954 is now underway in the Philippines. Strongest advocates of this extension so far are Philippine sugar planters who claim that the sugar industry, which was badly damaged during the war, has been unable to take full advantage of the US import quota established for Philippine sugar. Although the Trade Agreement permits up to 952,000 short tons of Philippine sugar to be imported duty free into the US annually, Philippine exports have only amounted to approximately 244,000 short tons in 1947 and 570,000 short tons in 1948. Extension of free trade is also reportedly favored by other exporters who are benefited by the Trade Agreement.

House Speaker Eugenio Perez has indicated that the Philippine Government will support requests for revision of the Trade Agreement which are based upon economic considerations, but he warned that "political arguments" (presumably to remove many of the advantages accruing to the US under the Agreement) would not be sympathetically considered. The Liberal Party administration is expected to press strongly for extension of the free trade period in order to obtain the support of major Philippine exporters in the November elections. The Fused Minorities' Party, on the other hand, may be in a difficult position. This opposition group appears to have two alternatives: (1) to continue its strong objections to sections of the Trade Agreement favoring US interests--thus alienating powerful Philippine economic interests who would not wish to endanger their chances of securing an extension of free trade; or (2) to cease such opposition thus losing the support of extreme nationalists and leftists who have strong influence within the coalition. However, astute political maneuvering may be able to overcome this difficulty. For example, Minority Senator Camilo Osias has declared that he favors extension of free trade "as a breathing spell," although he denounces as "iniquitous" those provisions granting considerable concessions to US interests.

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## SECTION III. DIGEST OF IMPORTANT STUDIES AND ESTIMATES

\*OVERSEAS CHINESE--TOOLS OF COMMUNIST EXPANSION

The serious prospect of a Communist-dominated China brings into sharp focus the role of the overseas Chinese communities. Overseas Chinese total over 9,000,000 persons and the more important and affluent groups are located in Southeast Asia. Some two to three million Chinese reside in Siam, 1,700,000 in Malaya, 1,200,000 in the Netherlands East Indies, 400,000 in French Indo-China, 190,000 in Burma, 120,000 in the Philippines, and 90,000 in British Borneo. These people nurture their ties with the Motherland, operate cohesively as a race and in many instances claim dual citizenship. At present they reflect the political differences which exist back home, but should a Communist government come into being, Communist expansion in the Far East can be hastened and the impact on the peripheral areas of Southeast Asia can be almost immediate.

Overseas Chinese Issues

The millions of Chinese settlers are industrious, hard-working, and for the most part law-abiding citizens. They are largely unassimilable. Their virtues give them wealth, power and prestige in the local community much out of proportion to their numerical strength. Their success as colonizers and their unassimilability quite naturally make them suspect as the potential instruments of an aggressive Chinese foreign policy. No government of China could be unaware of this potentiality.

Today, a growing and a proud Chinese Nationalism aspires to a position of leadership in the Far East. There is already a growing feeling of concern by the governments and peoples of Southeast Asia regarding Chinese penetration; this feeling is particularly noted in connection with the problems of Chinese immigration, Chinese schools and Chinese secret societies. The additional danger, now, of Chinese Communist infiltration presents a threat to the sovereignty of the small nations of Southeast Asia.

Chinese Control of Overseas Chinese

The Chinese Nationalist Government, when it first came into power, organized an "Overseas Chinese Affairs Commission" to control and exploit Chinese communities abroad. A Communist Government of China would undoubtedly retain this organization, which at present operates on a Cabinet level. The Commission establishes policy, works to improve emigration conditions, provides capital and relief, assesses foreign policy in close concert with

(Note: This estimate is the product of the Military Intelligence Division, Department of the Army.)

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the Ministry of Foreign Affairs and supervises the financial remittances of Overseas Chinese. These remittances were an important source of income to China during the Sino-Japanese hostilities. If continued, they could be important to a Communist-dominated China which, initially at least, is likely to be almost bankrupt.

#### Present Political Trends Among Overseas Chinese

The political struggle which is going through its decisive stage in China very definitely has its extension in Southeast Asia. Although the Kuomintang organization and secret societies in Southeast Asia are strong and well entrenched and exert their influence on the side of the Nationalist Government, they do not appear to be as powerful as one might reasonably assume, considering the relative economic affluence of the Chinese overseas community. In Malaya, for example, Chinese Communist influence is spreading to the point where it might well be considered the focal point for the expansion which is being assumed throughout Siam, the Philippines, and Indonesia. Reports also suggest that official liaison has been established between the Chinese community in Malaya and the Communists in Manchuria and North China. Should the Chinese Communists convene a People's Consultative Conference as a prelude to the establishment of a new Government in China, it is likely that the Communist program in the Far East will follow a pattern resembling the present Cominform in Europe. Already, a surprising number of wealthy Chinese merchants in Malaya have identified themselves in some form with Communist Party interests. Far from being idealistic, this action is presumed to be motivated by a desire to be in step with Communist ascendancy when and if it prevails in Southeast Asia.

#### Conclusions:

Although some elements of the Kuomintang may go underground, the Overseas Chinese communities in general are expected to serve effectively the interest of a Communist-dominated government in China. In the meantime, present Chinese Communist elements in Southeast Asia are expected to continue their efforts at gaining political control of the Overseas communities, and operate in concert with armed resistance movements now contesting the authority of various governments in Southeast Asia.

In support of these probable developments, there is the very serious likelihood that a cessation of hostilities in China will make vast stocks of military equipment available almost immediately. This material assistance to the resistance movements in Southeast Asia might well upset the present delicate balance of power now being held by the Western Powers in the Far East and adversely affect the availability to the Western Powers of Southeast Asia's tin, oil, tungsten and rubber.

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ANNA LOUISE UNMASKED!

The arrest in Moscow of Anna Louise Strong, an American journalist long notorious as one of the most enthusiastic and simple-minded partisans of the Soviet order, and her deportation as "a notorious agent...incriminated in espionage and subversive activity against the Soviet Union," was probably occasioned in large part by Miss Strong's recent pronouncements on the Chinese Communists. It was Miss Strong's misfortune, which must have come as a great shock to one who had successfully eluded the Soviet security police for these 30 years, to have been looking in the opposite direction on the day the Party line changed.

There are at least three potentially explosive issues between the USSR and the Chinese Communists: the questions of deference to Moscow, Soviet designs in the border areas, and leadership of the revolution in Asia. In her recent book, Dawn in China, serialized in the Party press of the satellite and some other countries, Miss Strong offered a construction of events, in regard to each of those issues, which could prove extremely embarrassing to the USSR in its future relations with the Chinese Communists.

According to Miss Strong, the Chinese Communists "acquired an empire in Manchuria" almost solely through their own efforts; while Soviet forces did capture the cities, that contribution was nullified by the fact that they installed his (CHIANG Kai-shek's) appointees...and protected them there for months." Not content with mere obstructionism, the USSR attempted to sabotage the province economically: "Manchuria was blockaded on three sides...Not only no arms came over, but not even peaceful trade." As if that were not bad enough: "What help did Lin Piao get from the Russians? According to Lin Piao: 'No troops, no weapons, no advisers, nothing!'" Even more scandalous, if not downright counterrevolutionary: "From the Russian-protected cities Chiang's officials instigated a civil war against the farmers of the countryside...They (the Soviets) saved these officials from the Manchurian people." (In fact, the Soviet withdrawal was so managed as to allow the Chinese Communists to occupy Manchuria and to 'capture' enormous quantities of Japanese materiel. While Miss Strong's version is false, that has been the Soviet official version since V-J Day, and the USSR might be expected to be grateful to Miss Strong for continuing to foist it upon the public. But there is another factor. Up to the accession to power of a Communist movement, the USSR denies any except ideological connection with it; but, with the success of the movement, the problem is no longer one of assisting the movement to power, but primarily that of ensuring its fidelity to the USSR. At that time, the USSR seeks to impress upon the leaders of the movement the view that the movement is obligated for its success almost exclusively to the USSR; thus Miss Strong, in advancing at this time the thesis that the Chinese Communists owe nothing to the USSR, is doing the USSR a genuine disservice.)

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Miss Strong's book makes Soviet designs in the border areas appear particularly nefarious, in that, by her account, the USSR did not assist, in fact impeded, the Chinese Communists in those regions. In Miss Strong's reports, the Soviets refused to cooperate even in the operation of the Manchurian railway network in which the USSR is a treaty partner. Miss Strong, asking a group of Chinese railway workers why they did not get lubricants and spare parts from the USSR, learned that "We didn't even ask. We knew they would refuse." In addition to the above, which might be construed by a hostile reader as indicating that the workers' fatherland is both ungracious and pauperized, Miss Strong's account goes so far as to reflect unfavorably on Soviet economic theory itself. She writes of the moderate Chinese Communist land reform that "every family felt the stimulus of free enterprise, knowing that there was freedom at last to advance..." Still worse, after the Chinese Communist refusal to admit their debt to the Soviet economy, either in fact or in theory, it appears that they would not even grant the supremacy of Soviet military strategy. The Chinese Communist victories have "come from a unique organization of the armed forces and a remarkably realistic strategy worked out by Mao Tse-tung..." Most incredible of all, the Chinese Communists were not always meticulous in acknowledging their obligation to their own spiritual ancestors. At a ceremony celebrating the founding of the Chinese Republic, there "were no pictures of Marx, Lenin, Stalin..." And to Mao himself Miss Strong attributes a remark which is highly suspect: "The fight is between democracy and anti-democracy, not between Soviet and anti-Soviet." (Actually, the above, while true in part, no more represents the complete picture than did Miss Strong's account of Sino-Soviet relations in Manchuria; Miss Strong's transgression is not in having told falsehoods, but in advancing falsehoods which are no longer useful.)

While the above is in itself obviously sufficient to transform Miss Strong into a running-dog of American imperialism, Miss Strong's most appalling heresy occurs in regard to Chinese Communist relations with other countries in Asia. Miss Strong writes that Chinese Communist "methods of war are being eagerly studied by insurgent armies in south and east Asia. It is to Mao Tse-tung and to Communist China, much more than to present-day Moscow, that the national revolutions of Indonesia, Indo-China, Burma, look for their latest, most practical ideas. Mao's strategy was made to fit such people." Apart from the question of whether that is the fact, it is atrociously inappropriate to suggest it as the fact; Chinese Communist theoreticians, led by Mao, have time and again called for an Asian federation ("We should hold our destinies in our own hands"), and it has doubtless occurred to the Kremlin that the Chinese Communists might attempt to be the captain instead of the Kremlin's faithful lieutenant.

Miss Strong's book apparently was approved for publication, in March 1948, by the Soviet authorities themselves. Now, however, after the defection of Tito, the USSR simply cannot afford to encourage the attitude,

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particularly among the Chinese Communists, which Miss Strong's articles tend to encourage. That attitude, one of sufficient self-aggrandizement, or perhaps simply self-respect, to consider one's own regime capable of independent action, and to comply with Soviet policy only when it seems to the national advantage, would be a major disaster to the USSR if it should appear among the Chinese Communists. By denouncing Miss Strong as an enemy of all right-thinking people's democrats---it is interesting that the USSR has done this publicly rather than privately---the USSR has in fact advised the Chinese Communists that Miss Strong must not be made welcome in Communist China; if the Chinese Communists do permit Miss Strong to visit and report upon them, it would seem that the insubordination which the USSR fears has become not merely a potential threat but a melancholy stubborn fact.

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